

**GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

Special Telephonic Meeting of Directors – July 15, 2021
Necessitated by COVID-19 Measures

Directors Participating: Jani Hitchen (Pierce County), Mike Brandstetter (Lakewood), Colleen Barta (Tacoma), Dean Burke (Tacoma), Tom Pierson (Tacoma), Kevin Briske (University Place), Lisa McClellan (Fife)

TVE Staff Participating: Kim Bedier, TVE Director; Adam Cook, TVE Deputy Director; Tammi Bryant, TVE Director of Marketing, Chelene Potvin-Bird, Travel Tacoma VP of Sales

Board chair Burke called the meeting to order at 7:47 am. This meeting was held virtually by phone/Zoom, with discussion limited to necessary and routine matters as defined in RCW 42.30.2020 to comply with Governor Inslee's proclamation limiting public gatherings in response to the COVID-19 outbreak.

Approval of Minutes from Previous Meeting

The board was asked if there were corrections to the April 29 meeting minutes. None were noted, Dean Burke requested a motion for approval of the minutes. It was so moved by Tom Pierson and seconded by Colleen Barta and unanimously approved by the board.

Financial Update

Adam Cook presented Q2 2021 financial information. Year to date operating revenues are under budget by approximately \$858K as expected (related to events). Expenses were under budget \$1.1M with reductions due to events, as well as a capital project (loading dock guard house) cost moved to fall, and a continued temporary reduction in external contractor costs with the contract extension for Travel Tacoma not yet completed. The facility's net revenue is ahead of budget by \$243K due to cost cutting and steady revenue from the PFD Account. Some labor costs have shifted to the convention center due to the increased activity at the facility.

Hotel/motel tax is under budget by \$196K, but is starting to rebound. It has not returned to the same numbers as 2019 but June was the best month since March 2020 with growth headed towards pre-pandemic numbers. PFD Sales Tax is well ahead at \$541K over budget for Q2.

Operating net revenue shows a projected loss of \$300K through year end (vs. budgeted just under \$800K loss).

Capital cash balance remains unchanged at \$1.7 million. Operating cash is \$3.3 million (down \$400K due to one-time reallocation of labor expenses). Debt reserve fund is at \$501K (no change). Debt service fund balance is at \$2.1M (increase of \$400K) based on debt service/interest payments made in June and principal payments to be made in December. Debt balance decreased by just over \$1M based on June payments.

Funding cash balances are PFD at \$2.2M and tourism and convention (hotel/motel tax) at \$2.7M. Both are very strong and stable with anticipated increases of the PFD fund to \$2.7M and decrease in tourism and convention to \$2.2M after debt service is paid in December. It is a slow recovery and stabilization but remains in a stable position.

Events are slowly starting to book but don't anticipate a return to full operations likely until mid-2022. Declining event numbers will continue through end of 2021 but the facility remains in a stable financial position. Cook highlighted the return of events including a tradeshow happening on the weekend and compared economic impact figures for different event-types. Short-term business including fundraisers, socials and banquets are now possible as of the July 1 date when the Governor's mandates for COVID were lifted.

Chelene Potvin-Bird shared that local and regional meetings and seminars are the first category of events to return. Potvin-Bird noted that fundraisers, socials, weddings and holiday parties are starting to book in late 2021 and into 2022. Conferences and conventions booked for 2022 include 10K room night bookings confirmed (vs. a typical 14-16K typically booked by this time year-over-year). 40-50% of the prior booked events were postponed from 2020 to 2021 or 2022, creating a strong base of bookings going into 2022. Sales leads are approximately 30% of standard lead numbers but they are improving. There is still trepidation about gathering from the perspective of meeting planners and event attendees but she noted that there is positive growth.

Adam Cook reviewed the Hotel/Motel and PFD Revenue and sales tax history. He noted that the Hotel/Motel had begun an upward climb. He noted the sales tax history remains steady to previous years. Bond debt interest was paid down by approximately \$1M to \$66,794,753. The principal remains flat.

Secretary Brandstetter requested additional information on interest increases on the bond debt and Cook replied that he will provide additional information from the bond accountant.

Colleen Barta requested an update on carpet installation through the hotel skybridge which Cook confirmed had been completed.

At the April 2021 Board meeting, Secretary Brandstetter suggested a letter to the City of Tacoma to transfer funds to a capital improvement fund, pending the review of Q2 financials at the July Board meeting. Dean Burke requested discussion on this topic today. Kim Bedier explained that this course of action had been established by the Board in prior years to provide a necessary capital account for repair and infrastructure needs. Adam Cook explained that the letter would request the protection of the funds, earmarking them specifically for capital improvements at the convention center. Cook will work with bond accountants to obtain the exact figures that would allow for a one-year cash balance to remain in reserves with the remainder transferring into the capital account (currently \$1.7M). Cook also explained some present capital needs for the now 16-year old facility which include chiller/boiler upgrade (application has been made for a state grant); security work of approximately \$500K expense for cameras and fencing on second and fifth floors due to an increase in criminal activity in the area; and, enhanced seating in the lobby to better align with the Marriott Hotel and provide a better experience for convention guests. Colleen Barta asked if there was a prioritized list of capital needs and Cook confirmed that there are multiple year plans and committed to sharing those with the Board at a future meeting. Kim Bedier explained that for previous transfers a letter from the Board Chair was sent to the Finance Director at the City of Tacoma expressing the request for these funds.

Hosting of Association of Washington State PFDs

Kim Bedier reported that venues across the state are focusing on reopening and the PFD meetings had not yet been scheduled but would consider dates in October. Secretary Brandstetter will represent the Board at the executive meeting in August. Secretary Brandstetter also reported that Betty Erickson had inquired about the ongoing need for a lobbyist.

Washington Safe Meeting & Convention Coalition – Re-opening Update

Kim Bedier shared the work this taskforce and the lobbyist had completed with the Governor's office to craft reopening guidance to help re-open the facilities. She noted that a strong network had been built of convention center managers throughout the state and that support would continue.

Director's Report

Kim Bedier called on Tammi Bryant to provide an overview of the mission & values developed by the Tacoma Venues & Events department. Bryant presented the creation of the department's Mission Statement: *Better Together: enriching lives in welcoming spaces* and Values: Safety First, Legendary Experiences, One Crew Built on Trust, Create and Innovate, and Inclusion Matters. Colleen Barta remarked on the comprehensiveness of the mission and values. Secretary Brandstetter offered that as the department devises plans to recognize the staff, he would like the Board to be considered to participate in this staff recognition.

Kim Bedier shared an overview of the phased reconstitution of the City of Tacoma staff and noted that TVE staff have been returning as needed for event production. She shared the Tacoma Remodeling Expo was at the convention center this weekend with a fully open event.

Bedier shared the hiring challenges across the industry with 1.6 million hospitality jobs open nationally. She noted in response to this community need, TVE would host a Job Fair on July 21 with many community businesses participating. TVE will also be hiring event day staff and full time positions at the Job Fair.

Dean Burke shared his positive optimism.

New Business

Colleen Barta invited Board members to attend the Shanaman Sports Museum Hall of Fame Inductions & Auction to be held at the convention center on August 23.

Kim Bedier shared that this would be her final meeting as she would be leaving her position with the City of Tacoma in September to accept a position in southern California. The Board expressed their gratitude for Bedier's work.

CM Hitchens shared a positive experience attending the National Association of Counties in Prince Georges and the excitement surrounding conventions and visitors that she experienced from the local business community.

Dean Burke shared his 10-day, 5,000 mile road trip leaving him with a refreshed perspective.

The meeting adjourned at 8:42 am.

Colleen Barta suggested the next board meeting be held in person. The next regularly scheduled board meeting is October 21 at 7:45 am.

Recorded by Tammi Bryant